



SECTION 10

Facility Maintenance and Links to the Capital Budget

10.1 Linking the operating and capital budgets



Relationships between the operating and capital budgets

While agencies will submit a separate capital budget request, facility-related costs may appear in both the operating and capital budgets. The agency should ensure that:

- The operating budget includes all facility maintenance costs related to the capital budget request or to previously authorized facilities.
- The operating budget reflects operating impacts for capital projects completed during, or just prior to, the 2005-07 Biennium.
- The capital budget, like the operating budget, is derived from the agency's strategic plan.

The OFM capital budget instructions provide more information on capital budget submittal requirements and the expected links between the strategic plan and capital budget submittals. This section is meant to provide a checklist for agencies to synchronize their capital and operating budgets.

Is the capital budget request consistent with decision package responses?

In the decision package, under the heading "Relationship to Capital Budget," agencies must answer the question: "Can existing facilities accommodate this program without remodeling or renovation?" A "no" answer indicates a capital budget request may be appropriate.

Is the operating budget request consistent with the Deferred Maintenance Backlog Reduction Plan?

In the capital budget instructions, OFM will ask agencies to submit a Deferred Maintenance Backlog Reduction Plan (DMBRP). Generally, the operating budget should handle maintenance and the capital budget should handle repairs over \$25,000.

The DMBRP will describe the extent of the agency's deferred repair and renewal, how deferred maintenance and repair and renewal needs are changing over time, and whether any deferred backlog affects delivery of the agency's essential services. Agencies must quantify identified issues and/or categories of work in the DMBRP.

	<p>The DMBRP should also include the agency's strategy for reducing its backlog. The cost of ongoing maintenance in operating budgets must be coordinated with proposals for facilities preservation projects in agency capital budgets.</p>
Are capital project requests integrated with decision packages?	<p>The Capital Project Request (Form C-2) requires information about operating budget costs (or savings) associated with a proposed capital project. OFM will review decision packages and C-2 forms together to better understand the relationships and costs of agency programs and the facilities that support them.</p>
Ensure consistency between operating and capital budget requests	<p>Help ensure consistency between your operating and capital budget requests by:</p> <ul style="list-style-type: none"> • Aligning the agency's Ten-Year Capital Plan and the agency's strategic plan submitted in the operating budget. • Relating performance measures in the operating budget to programmatic capital budget requests in the Ten-Year Capital Plan. • Linking the individual capital budget request to the appropriate activity in the agency's activity inventory. • Including lease or debt service costs for alternate financed capital projects in the agency's operating budget during the biennium in which they occur. • Identifying operating and maintenance cost estimates for land acquisition or improvement where the primary purpose is recreation or wildlife habitat conservation. • Including costs associated with construction, renovation, and occupancy of space in Thurston County owned and managed by the Department of General Administration in the affected agency's operating budget.
Refer to Appendix A-3 for more guidance	<p>Appendix A-3 provides guidelines on estimating facility-related costs. It includes information on:</p> <ul style="list-style-type: none"> ▪ Internal rents-financing cost recovery charge, ▪ Internal rents-capital projects surcharge, and ▪ Maintenance costs.